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MEMORANDUM

Office of the City Council



To: Mayor and City Council
From: Finance Subcommittee
Subject: Reorganization Policies and Guidelines
Date: September 26, 2005

Recommendation:

The Finance Subcommittee recommends that the city council adopt the following policies and guidelines to assist the City Manager through his reorganization efforts to protect the level of service our residents expect and deserve.

Background

During the 2005 Budget Work Session, the City Manager informed the City Council of an upcoming citywide reorganization plan in an effort to deal with the imminent budget shortfall. As policymakers, councilmembers are prohibited from being involved in day to day operations of staff. However, when reorganizations occur, the Council may set forth policies to ensure that we meet our budget challenges and continue to provide the high level of service that our residents have come to expect.

The current projected budget shortfall seriously threatens the City's ability to provide basic public services, jeopardizes our major initiatives, and limits our ability to stimulate the local economy. The persistent local economic downturn and its negative impact on our revenues have required us to substantially reduce our reserves. This makes our task for balancing our budget next year and protecting vital services for the coming year much more difficult, but if we work together and provide the proper policies to staff it can be done.

This reorganization begins the process we all should commit to—To reform how government works in Milpitas in the years to come. During these difficult times, the Finance Subcommittee believes that government needs to become leaner, smarter and more dynamic to ensure the preservation of vital services. If we want to remain a strong city, we must have the courage to change how we run city government.

To protect and improve city services, we need to reorganize city government. These reorganizations are key to the City's efforts to protect vital services. Our city cannot spend revenues we do not have. To preserve critical services to those who need them most, the Council and Manager have asked city employees to shoulder a share of this budget shortfall through a zero wage increase and MOU modifications. This year's budget assumed this. On behalf of all the residents of Milpitas, the Council offers them our thanks.

The Council is confident that through diligent management, creative thinking, and a willingness to let go of old ways of doing business we can collectively meet these challenges while preserving those services that Milpitas residents rely upon.

The Finance Subcommittee recommends to the City Council to adopt the following policies set forth below and that the manager use them as a guide during the citywide reorganization.

Specific Recommendations

General

The manager shall:

- a. Review all City functions provided by staff or by contract to determine where duplications can be eliminated and greater efficiencies can be achieved. Any personnel reductions should be ongoing and not one-year to deal with future deficits. Any personnel additions should be separate from the base budget.
- b. Review the city's current vehicle fleet and usage to determine which vehicles are being underutilized and consider trimming the vehicle inventory. The manager shall also consider alternative means to using vehicles by either renting, leasing, pooling, or through mileage reimbursement.
- c. Review City Hall employee layouts and try to place employees in the same department within close proximity of each other.
- d. Consider consolidating departments or divisions if it will improve operations.
- e. Designate a staff member to lead the organization when the City Manager is unavailable.
- f. Explore the use of volunteers where practical and appropriate to help staff maintain programs.
- g. Without delay coordinate and aggressively pursue opportunities for grant funding. Efforts should be periodically reported to Council.
- h. Review current vacant position and determine which ones are no longer necessary and eliminate them.
- i. Review previously one-time funded positions that were absorbed into the general fund.
- j. Streamline, innovate, and simplify our operations so that we can deliver services at a higher quality level, with better flexibility, at a lower cost.
- k. Be open to alternative ways to deliver services and reduce costs through appropriate community partnerships and public-private partnerships.

Building Inspection and Engineering

- a. For larger development projects that require dedicated staff members, the manager should consider using temporary employees as these duties by their nature could be considered temporary. Budgets for these positions should be separate from the base budget and to the extent possible paid for by the developer.

- b. Job Order Contracting is competitively bid, firm fixed price, indefinite quantity contract. What you have is an "on-call" general contractor that charges competitively bid prices for a wide variety of construction tasks. The manager should explore this and see if it is appropriate for Milpitas.

City Commissions

- a. The open government ordinance requires the recording of commission meetings and allows for summary minutes of meetings rather than dictations. Staff should review the current staffing for commission and determine if administrative support is required at commission meetings. Minutes could be prepared after the meeting during the regular work day.
- b. We are currently requiring staff to do more with less and workloads are becoming full for employees. Staff support should be limited to items within the workplan or at the direction of the Council.

City Attorney

Over the years, the budget for attorney services has continued to increase. We have operated with a contract attorney for several years. As with all contracted services, the council needs to review agreements to ensure that they are in the best interest of the taxpayers of Milpitas.

- a. The Manager shall work with the Finance Subcommittee and City Attorney Subcommittee to review contract agreements arrangements for attorney services in other cities and report back to Council.
- b. The Manager shall work with the Finance subcommittee and City Attorney Subcommittee to develop policies and practices to ensure that attorney services are only used when needed.

Finance

Revenue Management - Direct the City Manager to report back on the results of the City's attempts to collect on delinquent accounts, including ways to increase collection efforts.

Human Resources

- a. Having the Human Resources Director serve as lead negotiator and employee services representative has not proven to work. Often it puts the HR Director in a no win situation even during periods when negotiations are not going on. The manager should consider assigning the employee service duties and labor negotiations to different individuals within the department. Costs could be offset by reduced City Attorney support or performing negotiation duties in-house.
- b. Identify strategies for decreasing the number of employees on disability. The City has fewer employees on disability than the previous year but it still continues to be a problem. In previous years we have had more than 30. Now we have less than 10. The manager is commended for getting us where we are now. The Manager should work with city departments to continue to identify regular light duty tasks for employees on disability to work on. It's better to have an employee doing modified duty than staying at home.

- c. Review the practice of using temporary employees on a long-term basis for positions regularly intended to be permanent. The city needs to avoid being in the practice of using temporary employees on a long-term basis to avoid paying benefits. While there is an added cost to providing benefits, if the position is a needed position it should be filled to avoid an unfair labor practice. The manager should develop a strategic plan for identifying and permanently filling the positions.
- d. In order to retain the best and brightest employees, we must continue to be an employer that offers training and classes to help employees improve their skills and serve our residents better. We should evaluate whether training programs are in fact helping City staff become more effective and efficient to reduce costs and improve quality. Any proposals to reduce training should be analyzed to achieve this goal.

Planning and Neighborhood Services and Economic Development

- a. Mobile Homes – The State allows local jurisdictions that assume mobile home park code enforcement to collect a portion of the state imposed fees paid to the state by Mobile Home Park Residents and owners. The state is in the process increasing fees charged to residents and owners and the manager should see that Milpitas collects fees from the state that it may be entitled to.
- b. The manager should review the policy of minimum quotas for closed cases in code enforcement. Emphasis should be placed on obtaining compliance and not on number of cases closed.
- c. For the next two years Milpitas will no longer have a seat on the Valley Transportation Authority Board. It is more important than ever that Milpitas regional interests are maintained. The Manager should assign a staff member to monitor regional transportation policy and report to council regularly.
- d. The manager should research implementing a Special Tenant Improvement Program for Industrial, Office and R and D uses in Milpitas that could provide expedited plan review services.
- e. The manager should review ways to improve the general planning process. Some changes may include better public information, a simplified CUP and variance process, and streamlining architectural review.

Public Safety

- a. The manager should explore opportunities for cross-training to support the Fire Department inspection division and other duties in the fire department.
- b. The most essential core service of the Police Department is patrol services. If the Manager does recommend patrol reductions, he must submit an analysis of the potential impact on response times and alternative reductions in the department for Council's consideration.
- c. The manager shall develop a fee policy for public safety staffing that may be required for private events. The manager shall also submit a fee waiver policy for the council's consideration.

Public Works

- a. The manager should explore a tiered level of maintenance for our parks based on usage while maintaining all parks to a minimum standard of maintenance.
- b. The manager should consider bringing contracted duties in-house if we can have greater productivity at the same cost or the same productivity at a lower cost.
- c. The manager shall provide adequate maintenance to city facilities to minimize serious long-term burden of deferred capital maintenance.
- d. Priority of maintenance should be given to city owned property.
- e. The manager should ensure that every park has an active adopt a park program.

Recreation

- a. **Raise a Reader Program** – The School District has wanted other elements included in the Raise a Reader program that were not part of the original agreement approved by Council and changes have been made to get back to the original program. Initial turnout for the program is lower than the School District expectations. Also having an employee off-site has been difficult to manage for the department. The city is committed to making this program succeed during the evaluation stage. The manager should consider working with the school district to restructure the program to make it succeed. The district may want to manage the day-to-day operations of the program, as they would be able to oversee the coordinator and manage the services. The City would maintain its financial commitment to the three-year program.
- b. **Milpitas Youth Employment Initiative** - The Parks and Receptions departments have many seasonal positions available to youth. These jobs have helped train the youth of Milpitas to go onto independent private sector jobs. Our positions in the city serve as a bridge from supported employment and training to the world of work. It is important that as many youth as possible take advantage of our employment opportunities. The manager shall conduct an annual job fair announcing job opportunities for youth. Other departments and private sector businesses should be allowed to participate. The manager should work with the Youth Commission and the City/School Subcommittee on implementation of this initiative.
- c. **Community Based Organization** - The City should be supporters of our community based organizations, such as the Milpitas Foundation for Education or the YMCA, rather than competitors. Staff should not try to duplicate programming provided by Community Based Organizations. Our emphasis should be to try to bring programming to our residents that they cannot find anywhere else.
- d. **Parks and Recreation Foundation** - Direct staff to explore the possibility of establishing a city-wide foundation to engage our business and resident community in supporting parks and recreation programs.